

## 32.501-1 Customary progress payment rates.

(a) The customary progress payment rate is 80 percent, applicable to the total costs of performing the contract. The customary rate for contracts with *small business concerns* is 85 percent.

(b) The *contracting officer must*-

(1) Consider any rate higher than those permitted in paragraph (a) of this section an unusual progress payment; and

(2) Not include a higher rate in a contract unless advance agency approval is obtained as prescribed in [32.501-2](#).

(c) When advance payments and progress payments are authorized under the same contract, the *contracting officer must* not authorize a progress payment rate higher than the customary rate.

(d) In accordance with [10 U.S.C.2307\(e\)\(2\)](#) and [41 U.S.C.4504\(b\)](#), the limit for progress payments is 80 percent on work accomplished under undefinitized *contract actions*. The *contracting officer must* not authorize a higher rate under unusual progress payments or other customary progress payments for the undefinitized actions.

**Parent topic:** [32.501 General](#).